

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/24/11

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

We have audited the accompanying statements of net assets--enterprise fund and related statements of revenues, expenses and changes in fund net assets and cash flows--enterprise fund of **Housing Authority of St. Charles Parish (HASCP)**, as of and for the year ended September 30, 2010. These financial statements are the responsibility of **HASCP's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **HASCP's** internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **HASCP**, as of September 30, 2010, and the respective changes in net assets and cash flows of its enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2011, on our consideration of **HASCP's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, that report contained instances of noncompliance.

The management's discussion and analysis on pages 3 through 11 is not a required part of the accompanying financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

July 22, 2011

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of **Housing Authority of St. Charles Parish (HASCP)** presents the following discussion and analysis of its financial activities for the fiscal years ended September 30, 2010 and 2009. This discussion and analysis should be read in conjunction with **HASCP's** audited financial statements.

FINANCIAL HIGHLIGHTS

- The most significant change in assets resulted from \$512,557 in construction in progress for 2010 and \$87,643 for 2009. The major change in liabilities for 2010 and 2009 was in deferred revenues related activities.
- **HASCP's** assets exceeded its liabilities by \$3,571,267 and \$2,875,729 for the years ended September 30, 2010 and 2009.
 - Of this amount, \$994,391 and \$666,675 of unrestricted assets for each period, may be used to met **HASCP's** ongoing obligations to citizens and creditors.
 - The remainder of \$2,325,135 and \$1,985,718 respectively, represents a restriction equal to the net amount invested in land, building and building improvements, equipment, and construction in progress.
 - Also included in net assets at September 30, 2010 are restricted net assets of \$251,741 and \$222,336 respectively, for use in future housing assistance payments.
- **HASCP's** significant operating expenses for the years ended September 30, 2010 and 2009, were salaries and related benefits, depreciation, contractual services, utilities, insurance and housing assistance payments to landlords participating in its Housing Choice Voucher and Disaster Housing Assistance Programs.
- Grants and subsidies from the Federal government constitutes 99% for 2010 and 2009 of its non-operating revenues with dwelling rental and related revenues accounting for 100% of its operating revenues for the years ended September 30, 2010 and 2009.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis (MD&A) is intended to serve as an introduction to HASCP's basic financial statements. HASCP is a special-purpose government engaged in business type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of HASCP as a whole and present a longer term view of HASCP's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed.

Reporting on HASCP as a Whole

One of the most important questions asked about HASCP's finances, "Is HASCP as a whole better off, or worse off, as a result of the achievements of fiscal years 2010 and 2009?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets report information about HASCP as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received.

Fund Financial Statements

All of the funds of HASCP are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. HASCP, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Low Rent Public Housing Program - HASCP's Low Rent Public Housing Program rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract with HUD. HUD provides an operating subsidy to enable HASCP to provide housing at a rent that is based upon 30% of adjusted gross household income.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Fund Financial Statements, Continued

Housing Choice Voucher Program - The Housing Choice Voucher Program assists low income families with their rental payments in the private market. A housing assistance payment is paid directly to landlords on behalf of the families in the program. The families pay the difference between the rent charged by the landlord and the housing assistance payment provided by the program. **HASCP** is paid by HUD to administer the program.

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP as the primary funding source for **HASCP's** physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of **HASCP's** units.

Disaster Housing Assistance Program - This program provides housing assistance and case management services to eligible families. The program also assists families in continuing to move toward self-sufficiency. **HASCP** is paid by HUD to administer the program.

Capital Fund Stimulus Grant - This program provides stimulus funds to Public Housing agencies under the Capital Fund Program.

Using this Annual Report

HASCP's annual report consists of financial statements that show combined information about **HASCP's** most significant funds, Low Rent Public Housing, Public Housing Voucher, Disaster Housing Assistance Program, Public Housing Capital Fund Program and Capital Fund Stimulus Grant.

HASCP's auditors provided assurance in their independent auditors' report, located immediately preceding the MD&A. That opinion is unqualified with respect to the basic financial statements. The auditors also provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

FINANCIAL ANALYSIS

HASCP's net assets were \$3,571,267 and \$2,875,729 at September 30, 2010 and 2009. Of this amount, \$2,325,135 and \$1,985,718 were invested in capital assets, and the remaining \$994,391 and \$666,675 were unrestricted at September 30, 2010 and 2009. Restricted net assets were \$251,741 and \$223,336 at September 30, 2010 and 2009. No other specific assets are restricted. Also, there are no other restrictions on unrestricted net assets.

Condensed Financial Statements

Condensed Statement of Net Assets
September 30

ASSETS:	<u>2010</u>	<u>2009</u>
Current assets	\$1,840,842	\$ 1,621,682
Capital assets, net of accumulated depreciation	<u>2,325,135</u>	<u>1,985,718</u>
Total assets	<u>4,165,977</u>	<u>3,607,400</u>
LIABILITIES:		
Current liabilities	586,150	714,204
Non-current liabilities	<u>8,560</u>	<u>17,467</u>
Total liabilities	<u>594,710</u>	<u>731,671</u>
NET ASSETS:		
Invested in capital assets, net of related debt	2,325,135	1,985,718
Restricted	251,741	223,336
Unrestricted	<u>994,391</u>	<u>666,675</u>
Total net assets	<u>\$3,571,267</u>	<u>\$2,875,729</u>

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL ANALYSIS, CONTINUED

Condensed Financial Statements, Continued

The only significant change in HASCP's net assets at September 30, 2010 and 2009, was additions to capital assets.

Condensed Statement of Revenues, Expenses,
and Changes in Fund Net Assets
For the Year Ended September 30

	<u>2010</u>	<u>2009</u>
Total operating revenues	\$ <u>170,109</u>	\$ <u>156,324</u>
Total operating expenses	(<u>3,435,147</u>)	(<u>4,061,365</u>)
Operating loss	(<u>3,265,038</u>)	(<u>3,905,041</u>)
Total non-operating revenues	<u>3,785,381</u>	<u>3,676,525</u>
Change in net assets	520,343	(247,516)
Net assets, beginning of year, as restated	<u>3,050,924</u>	<u>3,123,245</u>
Net assets, end of year	\$ <u>3,571,267</u>	\$ <u>2,875,729</u>

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATIONS OF FINANCIAL ANALYSIS

At September 30, 2010 and 2009, current assets consisted primarily of cash and temporary cash investments, prepaid items and other assets and receivables. The net increase in current assets at September 30, 2010 was due to the change in net assets of \$520,343. The net increase for 2009 resulted primarily from receivables due for cost incurred by HASCP.

Changes in capital assets for 2010 and 2009, were the result of the net effect of additions and depreciation expense.

The significant changes in liabilities at September 30, 2010 and 2009 were the deferred revenues resulting from activities related to the Disaster Housing Assistance Program.

The overall changes in total net assets at September 30, 2010 and 2009, was due to change in net assets of \$520,343 (2010) and \$(247,516) (2009) to include the impact of prior period adjustments.

Compared with prior fiscal years, total operating and non-operating revenues increased by \$122,641 in 2010 and by \$318,476 in 2009 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Federal revenues from HUD for operations increased from \$488,554 to \$544,171 in 2010 principally due to the determination of operating grants which is based upon a rolling average of past performance.
- Capital funds increased from \$108,702 in 2009 to \$533,287 in 2010 due to the level of funding available.
- Voucher and Disaster Housing Programs' operating grants decreased from \$3,022,560 in 2009 to \$2,694,301 in 2010 primarily as a result of the leveling off in Disaster Housing related activities.
- Tenant revenues increased from \$156,324 (2009) to \$170,109 (2010) because of changes in tenant's personnel income which serves as the basis for rent payment level calculation.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATIONS OF FINANCIAL ANALYSIS, CONTINUED

For fiscal year 2009 compared with prior fiscal year, total operating and non-operating revenues increased by \$318,476 in 2009 and by \$1,180,305 in 2008 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Federal revenues from HUD for operations decreased from \$540,392 to \$488,554 in 2009 principally due to the determination of operating grants which is based upon a rolling average of past performance.
- Capital funds decreased from \$122,356 in 2008 to \$108,702 in 2009 due to the level of funding available.
- Voucher and Disaster Housing Programs' operating grants increased from \$2,613,739 in 2008 to \$3,022,560 in 2009 primarily as a result of increased funding for Disaster Housing related activities.
- Tenant revenues decreased from \$188,993 (2008) to \$156,324 (2009) because of changes in tenant's personnel income which serves as the basis for rent payment level calculation.

Compared with prior fiscal years, total operating expenses decreased by \$626,218 (2010) and increased by \$757,776 (2009).

Reasons for most of these changes are listed below:

- For 2010, the significant decrease in expenses was attributable to the level of housing assistance afforded **HASCP** for its housing programs (housing assistance payments decreased from \$2,723,828 (2009) to \$2,220,345 (2010) coupled with the cost adjustments in insurance, utilities and compensation.
- For 2009, the significant increase in expenses was attributable to the level of housing assistance afforded **HASCP** for its housing programs (housing assistance payments increased from \$2,091,465 in 2008 to \$2,723,828 in 2009) coupled with the cost adjustments in insurance, utilities and compensation.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATIONS OF FINANCIAL ANALYSIS, CONTINUED

Another area of incremental costs during 2010 and 2009, respectively was for depreciation on its housing stock.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2010 and 2009, **HASCP** had \$7,805,070 and \$7,266,896 prior to the effect of accumulated depreciation invested in a broad range of assets. More detailed information about capital assets appears in the notes to the financial statements.

	Capital Assets, Net SEPTEMBER 30	
	<u>2010</u>	<u>2009</u>
Capital assets	\$ 7,805,070	\$ 7,266,896
Less accumulated depreciation	<u>(5,479,935)</u>	<u>(5,281,178)</u>
Capital assets, net	\$ <u>2,325,135</u>	\$ <u>1,985,718</u>

Debt

HASCP at September 30, 2010 and 2009 has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

HASCP is primarily dependent upon HUD for the funding of its operations; therefore HASCP is affected more by Federal budget than by local economic conditions. The operating budget for 2012 fiscal year has already been submitted to HUD for approval and no major changes are expected. The Capital Fund Programs are multiple year budgets and have remained relatively stable.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, and creditors with a general overview of HASCP's finances, and to show HASCP's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Ms. Leala Jackson, Executive Director, **Housing Authority of St. Charles Parish Boutte, Louisiana**, 200 Boutte Estates Drive, Boutte, Louisiana 70039.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
STATEMENT NET ASSETS--ENTERPRISE FUND
SEPTEMBER 30, 2010**

ASSETS

Current Assets:

Cash and temporary cash investments (NOTE 2)	\$1,221,335
Restricted cash (NOTES 3 and 16)	260,441
Amounts receivable, net (NOTE 7)	228,993
Prepaid items and other assets (NOTE 13)	54,476
Investment (NOTE 5)	<u>75,597</u>

Total current assets 1,840,842

Non-Current Assets:

Capital assets, net (NOTES 4 and 12)	<u>2,325,135</u>
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Total non-current assets 2,325,135

Total assets 4,165,977

LIABILITIES

Current Liabilities:

Amounts and other payables (NOTE 6)	127,083
Compensated absences payable (NOTE 15)	7,753
Deferred revenues	442,614
Security deposits held for tenants (NOTE 3)	<u>8,700</u>

Total current liabilities 586,150

Non-Current Liabilities:

Compensated absences payable (NOTE 15)	<u>8,560</u>
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Total non-current liabilities 8,560

Total liabilities 594,710

NET ASSETS

Net Assets:

Invested in capital assets, net of related debt	2,325,135
Restricted (NOTE 16)	251,741
Unrestricted	<u>994,391</u>

Total net assets \$3,571,267

The accompanying notes are an integral part of these financial statements.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Operating Revenues:	
Dwelling rental	\$ 169,092
Fees and charges	<u>1,017</u>
Total operating revenues	<u>170,109</u>
Operating Expenses:	
Salaries and employee benefits	288,945
Materials and supplies	35,662
Contractual services	306,802
Utilities	212,261
Depreciation	198,757
Insurance	88,104
Housing assistance payments	2,220,345
Portability fees	13,657
Convention and travel	8,500
Repairs and maintenance	20,625
Postage and printing	4,236
Telephone	7,798
Dues and subscription	2,843
Advertising	2,254
Bad debts	1,497
Office supplies	7,524
Computer support	7,413
Court costs	800
General	<u>7,124</u>
Total operating expenses	<u>3,435,147</u>
Operating loss	<u>(3,265,038)</u>
Non-operating Revenues:	
Federal operating grants	3,238,472
Federal capital grants	533,287
Interest income - unrestricted	4,869
Interest income - restricted	1,542
Other	<u>7,211</u>
Total non-operating revenues	<u>3,785,381</u>
Change in net assets	520,343
Net assets, beginning of year, as restated	<u>3,050,924</u>
Net assets, end of year	<u>\$ 3,571,267</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Cash Flows used by Operating Activities:

Receipts from tenants	\$ 170,109
Other	7,211
Interest received	6,411
Payments to suppliers for goods and services	(937,002)
Payments to employees	(288,945)
Payments to landlords	<u>(2,220,345)</u>

Net cash used by operating activities	<u>(3,262,561)</u>
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Cash Flows used by Capital and Related Financing Activities:

Acquisition of capital assets	<u>(546,023)</u>
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Cash used by capital and related financing activities	<u>(546,023)</u>
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Cash Flows from Noncapital Financing Activities:

Subsidy from federal grants	<u>3,969,253</u>
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Cash provided by noncapital financing activities	<u>3,969,253</u>
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Cash Flows used by investing activities:

Purchase of investments	<u>(61,922)</u>
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Cash used by investing activities	<u>(61,922)</u>
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Net increase in cash	98,747
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Cash and temporary cash investments, beginning of year	<u>1,383,029</u>
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Cash and temporary cash investments, end of year	<u>\$ 1,481,776</u>
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The accompanying notes are an integral part of these financial statements.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Reconciliation of Operating Loss to Net Cash Used
by Operating Activities:

Operating loss	\$(3,265,038)
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Adjustment to Reconcile Operating Loss to Net Cash
Used by Operating Activities:

Depreciation	198,757
Bad debt	1,497

Changes in net assets and liabilities:

Increase in amounts receivable, net	(48,324)
Increase in prepaid items and other assets	(12,492)
Decrease in amounts and other payables	(29,465)
Decrease in security deposits held for tenants	(1,400)
Decrease in deferred revenues	(97,396)
Decrease in compensated absences payable	<u>(8,700)</u>

Net cash used by operating activities	<u><u>\$(3,262,561)</u></u>
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The accompanying notes are an integral part of these financial statements.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

The **Housing Authority of St. Charles Parish (HASCP)** is a public corporation, legally separate and fiscally independent and governed by a Board of Commissioners. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs. **HASCP** has been contracted by HUD to administer the Low-Rent Public Housing Program, Disaster Housing Assistance Program, and Housing Choice Voucher Program under Annual Contributions Contracts.

As of September 30, 2010, **HASCP** was primarily engaged in the administration of Low-Rent Public Housing, Disaster Housing Assistance and Housing Choice Voucher Programs to low-income residents in Boutte, Hahnville, and Des Allemands, Louisiana and eligible participants for the Disaster Housing Assistance Program.

Under the Low-Rent Public Housing Program, **HASCP** provides eligible families housing under leasing arrangements. For the Housing Choice Voucher Program, **HASCP** provides funds in the form of rental subsidies to owners on behalf of the tenants. The Disaster Housing Assistance Program provided eligible participants housing assistance and case management services.

Financial Reporting Entity

HASCP has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the City of Boutte.

Government Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity" established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Financial Reporting Entity, Continued

HASCP was established as a separate, legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **HASCP** is a financial reporting entity within the meaning of the provisions of GASB 14. Accordingly, **HASCP** is not a component unit of the financial reporting entity of the City of Boutte. Also, **HASCP** has no component units for financial reporting purposes as described with the provisions of GASB Statements No.'s 14 and 39.

Basis of Presentation

As required by Louisiana State Reporting Law (LSA-RS 24:514) and HUD regulations, the financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

The accounts of **HASCP** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units.

Proprietary Fund Type - Proprietary fund is accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **HASCP** applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. **HASCP's** proprietary fund include the following type:

Enterprise Fund - Enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation, Continued

Measurement Focus and Basis of Accounting and
Financial Statement Presentation

HASCP adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* effective October 1, 2003. Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in fund net assets, and a statement of cash flows. It requires the classification of net assets into three components- invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net of related debt* - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- *Restricted* - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation, Continued

Measurement Focus and Basis of Accounting and
Financial Statement Presentation, Continued

The term measurement focus is used to denote what is being measured and reported in **HASCP's** operating statement. **HASCP's** financial activities are accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether **HASCP** is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on **HASCP's** operating statement. **HASCP** uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Under the provisions of GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions) effective for fiscal years that began after June 15, 2000, **HASCP** recognizes assets, liabilities, revenues and expenses under its government-mandated and voluntary non-exchange transactions as follows:

- **HASCP** recognizes assets and liabilities when all applicable eligibility requirements are met or resources received whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met;
- For transactions with time requirement(s), resources received prior to the satisfaction of the time requirement(s) are recorded as deferred revenues; and
- Transactions with no time requirement(s) are recorded by **HASCP** as revenues upon award.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Budget

HASCP prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year October 1, the annual budget is approved by the Board of Commissioners. Also, budgetary amendments require approval by the Board. **HASCP** does not present its budget to actual comparison for the enterprise fund as part of its financial statement as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by the Board.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows, **HASCP** considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

Capital Assets

Capital assets are recorded at cost or estimated cost. Donated assets are valued at estimated fair value on the date donated. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets, Continued

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

Structures and equipment with a cost of \$300 or more are capitalized and are depreciated in the enterprise fund of **HASCP** using the following estimated useful lives:

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	33
Building improvements	15
Equipment	3-7

Under accounting principles generally accepted in the United States of America, long-lived assets are to be reviewed for impairment. If the sum of the expected future cash flow is less than the carrying value amount of the asset, an impairment loss should be recognized.

Compensated Absences

HASCP follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon separation. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her separation date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expense in the enterprise fund when leave is earned.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfers. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram activities are netted at the combined financial statements level.

Total Memorandum Only

The total column on the accompanying combining financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH AND TEMPORARY CASH INVESTMENTS:

At September 30, 2010, HASCP's cash and temporary cash investments consisted of the following:

<u>Description</u>	<u>Interest Rate (%)</u>	<u>Carrying Value</u>	<u>Approximate Market Value</u>
Cash and Money Fund	Varying Rate	\$ <u>1,264,449</u>	\$ <u>1,264,449</u>
Total			

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - CASH AND TEMPORARY CASH INVESTMENTS, CONTINUED

At September 30, 2010, the carrying amount of **HASCP's** cash deposits was \$1,481,776 and the cumulative bank balance was \$1,502,125. The bank balances are covered by federal depository insurance and collateral held by the pledging institutions' agent in **HASCP's** name.

Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. These securities are held by the fiscal agent bank in the name of **HASCP**.

Custodial credit risk is the risk that in the event of a failure by the financial institution, **HASCP's** deposits may not be returned to it. **HASCP** has no deposit policy for custodial credit risk; however, none of **HASCP's** bank balances were exposed to custodial credit risk, since the pledged securities were in the joint names of **HASCP** and the financial institution.

Louisiana state law allows for the investment of excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana, or any other federally insured investment.

State law also requires that all deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by **HASCP** or with an unaffiliated bank or trust company for the account of **HASCP**.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - RESTRICTED CASH:

At September 30, 2010, restricted cash consisted of \$8,700 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market. The balance of \$251,741 represents funds reserved for future housing assistance payments (see NOTE 16 for additional discussion)

NOTE 4 - CAPITAL ASSETS, NET:

At September 30, 2010, capital assets consisted of the following:

	Balance October 1, <u>2009</u>	<u>Additions</u>	<u>Transfer/Other</u>	Balance September 30, <u>2010</u>
Land	\$ 13,028	\$ -0-	\$ -0-	\$ 13,028
Buildings and building improvements	6,789,386	-0-	172,601	6,961,987
Equipment	236,883	33,466	(19,617)	250,732
Construction-in-progress	<u>227,599</u>	<u>512,557</u>	<u>(160,833)</u>	<u>579,323</u>
Sub-total	7,266,896	546,023	(7,849)	7,805,070
Less accumulated depreciation	<u>(5,281,178)</u>	<u>(198,757)</u>	<u>-0-</u>	<u>(5,479,935)</u>
Total	<u>\$ 1,985,718</u>	<u>\$ 347,266</u>	<u>\$ (7,849)</u>	<u>\$ 2,325,135</u>

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 5 - INVESTMENT:

At September 30, 2010, investment consisted of the following;

<u>Description</u>	<u>Carrying Value</u>	<u>Approximate Market Value</u>	<u>Rate(%)</u>	<u>Maturity</u>
Certificate of Deposit	\$ <u>75,597</u>	\$ <u>75,597</u>	2.3%	12/10/10
Total	\$ <u>75,597</u>	\$ <u>75,597</u>		

NOTE 6 - AMOUNTS AND OTHER PAYABLES:

At September 30, 2010, amounts and other payables consisted of the following:

Vendors	\$ 102,790
Accrued payroll taxes payable	6,258
Reserve for Hurricane damages	<u>18,035</u>
Total	\$ <u>127,083</u>

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 7 - AMOUNTS RECEIVABLE, NET:

At September 30, 2010, amounts receivable, net consisted of the following:

Amounts receivable - HUD	\$ 227,431
Amounts receivable - tenants	<u>9,875</u>
Sub-total	237,306
Less: allowance for doubtful accounts	<u>(8,313)</u>
Total	\$ <u>228,993</u>

NOTE 8- RETIREMENT SYSTEM:

Plan Description

HASCP participates in a single employer defined contribution plan. The Housing Authority of St. Charles Parish Retirement Plan (the Plan) is authorized and may be amended by the Board of Commissioners.

Plan Funding

Funding for the plan is through a contribution of 7% and 5% by **HASCP** and its employees, respectively. The contribution amount is based on the employee's base salary each month.

HASCP's gross payroll for participating employees for the year ended September 30, 2010, was \$95,869. **HASCP** and employee contributions made using base salary amounted to \$6,641 and \$1,724, respectively.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - RISK MANAGEMENT:

HASCP is exposed to various risks of loss related to torts, theft, damage to and destruction of assets for which **HASCP** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 10 - CONCENTRATION OF CREDIT RISK:

HASCP receives primarily all of its revenues from dwelling rentals and HUD. If the amount of revenues received from both dwelling rentals and HUD falls below contract levels, **HASCP's** operating results could be adversely affected.

NOTE 11 - CONTINGENCIES:

HASCP is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **HASCP**. These examinations may result in required refunds by **HASCP** to the agencies and/or program beneficiaries.

NOTE 12 - COMMITMENTS:

At September 30, 2010, **HASCP**, has executed agreements with HUD totaling \$709,412 for various modernization projects in progress. Balance of funds remaining at September 30, 2010, was \$330,018 (see Schedules IV and VI).

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 13 - PREPAID ITEMS AND OTHER ASSETS:

At September 30, 2010, prepaid items and other assets consisted of prepaid insurance totaling \$54,476.

NOTE 14 - PER DIEM TO BOARD MEMBERS:

During the year ended September 30, 2010, no board member received per diem in his or her capacity as commissioner.

NOTE 15 - CHANGES IN COMPENSATED ABSENCES PAYABLE:

The following summarizes changes in compensated absences payable at September 30, 2010.

	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Beginning of year	\$ 7,546	\$ 17,467	\$ 25,013
Addition	13,731	-0-	13,731
Retirement	(12,717)	(9,714)	(22,431)
End of year	<u>\$ 8,560</u>	<u>\$ 7,753</u>	<u>\$ 16,313</u>

NOTE 16 - RESTRICTED NET ASSETS:

At September 30, 2010, restricted net assets of \$251,741 represents funds reserved for payments of future housing assistance payments.

NOTE 17 - PRIOR PERIOD ADJUSTMENT:

Prior period adjustment is to accommodate the effects of equity transfers and restate beginning restricted net assets.

SUPPLEMENTARY INFORMATION



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

Our report on our audit of the financial statements of **Housing Authority of St. Charles Parish (HASCP)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The supplementary information (Schedules II, III, IV, V, and VI) required by HUD is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)

Also, the supplementary information (Exhibits I and II), which is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

July 22, 2011

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
COMBINING STATEMENT OF NET ASSETS-ENTERPRISE FUND
SEPTEMBER 30, 2010

	Operating Fund Program	Capital Fund Program	Capital Fund Stimulus Grant	Sub-total	Voucher Program	Disaster Housing Assistance Program	Sub-total	Totals (Memorandum Only)
ASSETS								
Cash and temporary cash investments	\$ 188,463	\$ -0-	\$ -0-	\$ 188,463	\$ 673,224	\$ 359,648	\$ 1,032,872	\$ 1,221,335
Restricted cash	8,700	-0-	-0-	8,700	251,741	-0-	251,741	260,441
Amounts receivable, net	1,562	-0-	-0-	1,562	-0-	-0-	-0-	1,562
Amounts receivable-HUD	25,330	6,818	-0-	32,148	-0-	195,283	195,283	227,431
Prepaid items	46,894	-0-	-0-	46,894	7,582	-0-	7,582	54,476
Investment	75,597	-0-	-0-	75,597	-0-	-0-	-0-	75,597
Capital assets, net	1,731,926	366,464	220,659	2,319,119	6,016	-0-	6,016	2,325,135
Total assets	2,078,542	373,282	220,659	2,672,483	938,563	554,931	1,493,494	4,165,977
LIABILITIES								
Amounts and other payables	32,124	6,818	-0-	38,942	88,141	-0-	88,141	127,083
Compensated absences payable	11,184	-0-	-0-	11,184	5,129	-0-	5,129	16,313
Deferred revenues	20,886	-0-	-0-	20,886	421,728	-0-	421,728	442,614
Security deposits held for tenants	8,700	-0-	-0-	8,700	-0-	-0-	-0-	8,700
Total liabilities	72,894	6,818	-0-	79,712	514,998	-0-	514,998	594,710

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
COMBINING STATEMENT OF NET ASSETS-ENTERPRISE FUND, CONTINUED
SEPTEMBER 30, 2010

	Operating Fund Program	Capital Fund Program	Capital Fund Stimulus Grant	Sub-total	Voucher Program	Disaster Housing Assistance Program	Sub-total	Totals (Memorandum Only)
NET ASSETS								
Invested in capital assets, net of related debt	\$1,731,996	\$366,464	\$220,659	\$2,319,119	\$ 6,016	\$ -0-	\$ 6,016	\$2,325,135
Restricted	-0-	-0-	-0-	-0-	251,741	-0-	251,741	251,741
Unrestricted	273,652	-0-	-0-	273,652	165,808	554,931	720,739	994,391
Total net assets	\$2,005,648	\$366,464	\$220,659	\$2,592,771	\$423,565	\$554,931	\$978,496	\$3,571,267

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS-ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Operating Fund Program	Capital Fund Program	Capital Fund Stimulus Grant	Voucher Program	Disaster Housing Assistance Program	Totals (Memorandum Only)
Operating Revenues:						
Dwelling rental	\$169,092	\$ -0-	\$-0-	\$ -0-	\$ -0-	\$ 169,092
Fees and charges	<u>1,017</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,017</u>
Total operating revenues	<u>170,109</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>170,109</u>
Operating Expenses:						
Salaries and employee benefits	176,301	-0-	-0-	112,644	-0-	288,945
Materials and supplies	35,662	-0-	-0-	-0-	-0-	35,662
Contractual services	157,561	-0-	-0-	40,834	108,407	306,802
Utilities	212,261	-0-	-0-	-0-	-0-	212,261
Depreciation	195,284	1,300	-0-	2,173	-0-	198,757
Insurance	81,425	-0-	-0-	6,679	-0-	88,104
Housing assistance payments	-0-	-0-	-0-	1,808,422	411,923	2,220,345
Portability fees	-0-	-0-	-0-	13,657	-0-	13,657
Convention and travel	5,406	-0-	-0-	3,094	-0-	8,500
Repairs and maintenance	20,625	-0-	-0-	-0-	-0-	20,625
Postage and printing	2,141	-0-	-0-	2,095	-0-	4,236
Telephone	3,831	-0-	-0-	3,967	-0-	7,798
Dues and subscription	1,124	-0-	-0-	1,719	-0-	2,843
Advertising	2,030	-0-	-0-	224	-0-	2,254
Bad debts	1,497	-0-	-0-	-0-	-0-	1,497
Office supplies	4,237	-0-	-0-	3,287	-0-	7,524
Computer support	2,415	-0-	-0-	4,998	-0-	7,413
Court costs	800	-0-	-0-	-0-	-0-	800
General	<u>4,424</u>	<u>-0-</u>	<u>-0-</u>	<u>2,700</u>	<u>-0-</u>	<u>7,124</u>
Total operating expenses	<u>907,024</u>	<u>1,300</u>	<u>-0-</u>	<u>2,006,493</u>	<u>520,330</u>	<u>3,435,147</u>
Operating loss	<u>(736,915)</u>	<u>(1,300)</u>	<u>-0-</u>	<u>(2,006,493)</u>	<u>(520,330)</u>	<u>(3,265,038)</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS-ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Operating Fund Program	Capital Fund Program	Capital Fund Stimulus Grant	Voucher Program	Disaster Housing Assistance Program	Totals (Memorandum Only)
Non-operating Revenues:						
Federal grants and subsidies	\$ 544,171	\$312,628	\$220,659	\$2,061,502	\$632,799	\$3,771,759
Interest income - unrestricted	3,126	-0-	-0-		-0-	3,126
Interest income - restricted	-0-	-0-	-0-	1,542	-0-	1,542
Other	-0-	-0-	-0-	8,954	-0-	8,954
Total non-operating revenues	547,297	312,628	220,659	2,071,998	632,799	3,785,381
Other Financing Sources (Uses):						
Operating transfer	11,630	-0-	-0-	-0-	-0-	11,630
Operating transfer out	-0-	(11,630)	-0-	-0-	-0-	(11,630)
Total other financing sources (uses)	11,630	(11,630)	-0-	-0-	-0-	-0-
Change in net assets	(177,988)	299,698	220,659	65,505	112,469	520,343
Net assets, beginning of year, as restated	2,183,636	66,766	-0-	358,060	442,462	3,050,924
Net assets, end of year	\$2,005,648	\$366,464	\$220,659	\$ 423,565	\$554,931	\$3,571,267

See Independent Auditors' Report on Supplementary Information.

SCHEDULE I

HOUSING AUTHORITY OF THE ST. CHARLES PARISH
BOUTTE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development:		
<u>Subject to Annual Contributions Contracts</u>		
Low Rent Public Housing Program	14.850a	\$ 544,171
Public Housing Capital Fund Program	14.872	312,628
Capital Fund Stimulus Grant	14.885	220,659
Housing Choice Voucher Program	14.871	2,061,502
Disaster Housing Assistance Program	97.109	<u>632,799</u>
Total		<u>\$3,771,759</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of **HASCP** and is presented on an accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET
SEPTEMBER 30, 2010

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
111	Cash - unrestricted	\$188,463	\$1,032,872	\$1,221,335
113	Cash - other restricted	-0-	251,741	251,741
114	Cash - tenant security deposits	<u>8,700</u>	<u>-0-</u>	<u>8,700</u>
100	Total cash	<u>197,163</u>	<u>1,284,613</u>	<u>1,481,776</u>
122-010	Accounts receivable - HUD other projects - operating subsidy	25,330	195,283	220,613
122-020	Accounts receivable - HUD other projects - Capital Fund	<u>6,818</u>	<u>-0-</u>	<u>6,818</u>
126	Accounts receivable - tenants	9,875	-0-	9,875
126.1	Allowance for doubtful accounts - dwelling rents	<u>(8,313)</u>	<u>-0-</u>	<u>(8,313)</u>
120	Total receivables, net of allowance allowance for doubtful accounts	<u>33,710</u>	<u>195,283</u>	<u>228,993</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
SEPTEMBER 30, 2010

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
131	Investments - unrestricted	\$ 75,597	\$ -0-	\$ 75,597
142	Prepaid expenses and other assets	<u>46,894</u>	<u>7,582</u>	<u>54,476</u>
150	Total current assets	<u>353,364</u>	<u>1,487,478</u>	<u>1,840,842</u>
161	Land	13,028	-0-	13,028
162	Buildings	6,960,746	1,241	6,961,987
163	Furniture, equipment and machinery - dwellings	148,952	2,080	151,032
164	Furniture, equipment and machinery - administration	65,912	33,788	99,700
166	Accumulated depreciation	<u>(5,448,842)</u>	<u>(31,093)</u>	<u>(5,479,935)</u>
167	Construction in progress	<u>579,323</u>	<u>-0-</u>	<u>579,323</u>
160	Total capital assets, net of accumulated depreciation	<u>2,319,119</u>	<u>6,016</u>	<u>2,325,135</u>
180	Total non-current assets	<u>2,319,119</u>	<u>6,016</u>	<u>2,325,135</u>
190	Total assets	<u>\$ 2,672,483</u>	<u>\$ 1,493,494</u>	<u>\$ 4,165,977</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
SEPTEMBER 30, 2010

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
312	Accounts payable ≤ 90 days	\$ 32,976	\$ 87,849	\$120,825
321	Accrued wage/payroll taxes payable	5,966	292	6,258
322	Accrued compensated absences - current portion	4,920	2,833	7,753
341	Tenant security deposits	8,700	-0-	8,700
342	Deferred revenue	<u>20,886</u>	<u>421,728</u>	<u>442,614</u>
310	Total current liabilities	<u>73,448</u>	<u>512,702</u>	<u>586,150</u>
354	Accrued compensated absences-non current	<u>6,264</u>	<u>2,296</u>	<u>8,560</u>
350	Total non-current liabilities	<u>6,264</u>	<u>2,296</u>	<u>8,560</u>
300	Total liabilities	<u>79,712</u>	<u>514,998</u>	<u>594,710</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
SEPTEMBER 30, 2010

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
508.1	Invested in capital assets, net of related debt	\$2,319,119	\$ 6,016	\$2,325,135
511.1	Restricted net assets	-0-	251,741	251,741
512.1	Unrestricted net assets	<u>273,652</u>	<u>720,739</u>	<u>994,391</u>
513	Total equity/net assets	<u>2,592,771</u>	<u>978,496</u>	<u>3,571,267</u>
600	Total liabilities and equity/ net assets	<u>\$2,672,483</u>	<u>\$1,493,494</u>	<u>\$4,165,977</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE - COMBINING STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	CAPITAL FUND STIMULUS GRANT	TOTAL PROJECTS	VOUCHER PROGRAM	DISASTER HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAM
70300	Net tenant rental revenue	\$ 169,092	\$ -0-	\$ -0-	\$ 169,092	\$ -0-	\$ -0-	\$ -0-
70400	Tenant revenue - other	1,017	-0-	-0-	1,017	-0-	-0-	-0-
70500	Total tenant revenue	170,109	-0-	-0-	170,109	-0-	-0-	-0-
70600-010	Housing assistance payments	-0-	-0-	-0-	-0-	1,911,893	632,799	2,544,692
70600-020	Ongoing administrative fees earned	-0-	-0-	-0-	-0-	139,834	-0-	139,834
70600-040	Actual independent public accountant Audit costs	-0-	-0-	-0-	-0-	9,775	-0-	9,775
70600	HUD PHA operating grants	544,171	-0-	-0-	544,171	2,061,502	632,799	2,694,301
70610	Capital grants	-0-	312,628	220,659	533,287	-0-	-0-	-0-
71100	Investment income - unrestricted	3,126	-0-	-0-	3,126	1,743	-0-	1,743
71400	Fraud recovery	-0-	-0-	-0-	-0-	7,211	-0-	7,211
72000	Investment income - restricted	-0-	-0-	-0-	-0-	1,542	-0-	1,542
70000	Total revenue	717,406	312,628	220,659	1,250,693	2,071,998	632,799	2,704,797

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUQUETTE, LOUISIANA**

**FINANCIAL DATA SCHEDULE - COMBINING STATEMENT OF INCOME AND EXPENSES, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	CAPITAL FUND STIMULUS GRANT	TOTAL PROJECTS	VOUCHER PROGRAM	DISASTER HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAM
91100	Administrative salaries	\$ 69,110	\$ -0-	\$ -0-	\$ 69,110	\$ 84,329	\$ -0-	\$ 84,329
91200	Auditing fees	12,675	-0-	-0-	12,675	9,775	-0-	9,775
91300	Outside management fees	-0-	-0-	-0-	-0-	-0-	105,348	105,348
91400	Advertising and marketing	2,030	-0-	-0-	2,030	224	-0-	224
91500	Employee benefit contributions-							
	administrative	10,826	-0-	-0-	10,826	22,592	-0-	22,592
91600	Office expenses	36,527	-0-	-0-	36,527	15,478	-0-	15,478
91700	Legal expense	50	-0-	-0-	50	11,762	-0-	11,762
91800	Travel	5,406	-0-	-0-	5,406	3,094	-0-	3,094
91900	Other	18,812	-0-	-0-	18,812	17,794	3,059	20,853
9100	Total operating administrative	155,436	-0-	-0-	155,436	163,048	108,407	273,455
93100	Water	79,130	-0-	-0-	79,130	-0-	-0-	-0-
93200	Electricity	10,139	-0-	-0-	10,139	-0-	-0-	-0-
93300	Gas	54,783	-0-	-0-	54,783	-0-	-0-	-0-
93600	Sewer	68,209	-0-	-0-	68,209	-0-	-0-	-0-
93000	Total utilities	212,261	-0-	-0-	212,261	-0-	-0-	-0-
94100	Ordinary maintenance and operations- labor	76,023	-0-	-0-	76,023	-0-	-0-	-0-
94200	Ordinary maintenance and operations- materials and other	35,662	-0-	-0-	35,662	-0-	-0-	-0-

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CILARIES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE - COMBINING STATEMENT OF INCOME AND EXPENSES, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	CAPITAL FUND STIMULUS GRANT	TOTAL PROJECTS	VOUCHER PROGRAM	DISASTER HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAM
94300-010	Ordinary maintenance and operations contracts-garbage and trash removal contracts	\$ 18,419	\$ -0-	\$ -0-	\$ 18,419	\$ -0-	\$ -0-	\$ -0-
94300-020	Ordinary maintenance and operations contracts-heating and cooling contracts	740	-0-	-0-	740	-0-	-0-	-0-
94300-030	Ordinary maintenance and operations contracts-landscape and grounds contracts	601	-0-	-0-	601	-0-	-0-	-0-
94300-060	Ordinary maintenance and operations contracts-unit turnaround contracts	3,093	-0-	-0-	3,093	-0-	-0-	-0-
94300-070	Ordinary maintenance and operations contracts-electrical contracts	16,130	-0-	-0-	16,130	-0-	-0-	-0-
94300-080	Ordinary maintenance and operations contracts-plumbing contracts	38,377	-0-	-0-	38,377	-0-	-0-	-0-
94300-090	Ordinary maintenance and operations contracts-extinction contracts	8,841	-0-	-0-	8,841	-0-	-0-	-0-
94300-120	Ordinary maintenance and operations contracts miscellaneous contracts	17,954	-0-	-0-	17,954	-0-	-0-	-0-
94300	Total ordinary maintenance and operations contracts	104,155	-0-	-0-	104,155	-0-	-0-	-0-
94500	Employee benefit contributions							
	Ordinary maintenance	12,330	-0-	-0-	12,330	-0-	-0-	-0-
94000	Total maintenance	228,170	-0-	-0-	228,170	-0-	-0-	-0-
95200	Protective services-other contracts costs	165	-0-	-0-	165	372	-0-	372
95000	Total protective services	165	-0-	-0-	165	372	-0-	372
96110	Property insurance	51,527	-0-	-0-	51,527	-0-	-0-	-0-
96120	Liability insurance	9,872	-0-	-0-	9,872	1,574	-0-	1,574
96130	Workmen's compensation	5,109	-0-	-0-	5,109	3,580	-0-	3,580

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUQUETTE, LOUISIANA
FINANCIAL DATA SCHEDULE - COMBINING STATEMENT OF INCOME AND EXPENSES, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	CAPITAL FUND STIMULUS GRANT	TOTAL PROJECTS	VOUCHER PROGRAM	DISASTER HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAM
96140	All other insurance	\$ 14,917	\$ -0-	\$ -0-	\$ 14,917	\$ 1,525	\$ -0-	\$ 1,525
	Total insurance premiums	81,425	-0-	-0-	81,425	6,679	-0-	6,679
96200	Other general expenses	4,149	-0-	-0-	4,149	18,076	-0-	18,076
96210	Compensated absences	8,012	-0-	-0-	8,012	5,723	-0-	5,723
96400	Bad debt - tenant rents	1,497	-0-	-0-	1,497	-0-	-0-	-0-
	Total other general	13,658	-0-	-0-	13,658	23,799	-0-	23,799
96900	Total operating expenses	691,115	-0-	-0-	691,115	195,898	108,407	304,305
97000	Excess revenue over operating expenses	26,291	312,628	220,659	559,578	1,876,100	524,392	2,400,492
97100	Extraordinary maintenance	20,625	-0-	-0-	20,625	-0-	-0-	-0-
97300	Housing assistance payments	-0-	-0-	-0-	-0-	1,808,422	411,923	2,220,345
97400	Depreciation expense	195,284	1,300	-0-	196,584	2,173	-0-	2,173
90000	Total expense	907,024	1,300	-0-	908,324	2,006,493	520,330	2,526,823
10010	Operating transfer in	11,630	-0-	-0-	11,630	-0-	-0-	-0-
10020	Operating transfer out	-0-	(11,630)	-0-	(11,630)	-0-	-0-	-0-
	Total other financing sources (uses)	11,630	(11,630)	-0-	-0-	-0-	-0-	-0-
10000	Excess (deficiency) of revenue over (under) expenses	\$ (177,988)	\$ 299,698	\$ 220,659	\$ 342,369	\$ 65,505	\$ 112,469	\$ 177,974
11030	Beginning equity/net assets	\$ 2,025,297	\$ 233,355	\$ 3,000	\$ 2,261,652	\$ 187,326	\$ 426,731	\$ 614,077

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE - COMBINING STATEMENT OF INCOME AND EXPENSES, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	CAPITAL FUND STIMULUS GRANT	TOTAL PROJECTS	VOUCHER PROGRAM	DISASTER HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAM
11040-010	Prior period adjustments, and correction of errors	\$ (237,712)	\$ 8,803	\$ (3,000)	\$ (231,909)	\$ 170,734	\$ 15,711	\$ 186,445
11040	Prior period adjustments, equity transfers and correction	396,051	(175,392)	-0-	220,659	-0-	-0-	-0-
	Beginning equity/net assets, as adjusted	\$ 2,183,636	\$ 66,766	\$ -0-	\$ 2,250,402	\$ 358,060	\$ 442,462	\$ 800,572
11190	Unit months available	1,337	N/A	N/A	1,337	3,386	701	4,087
11210	Number of unit months leased	1,152	N/A	N/A	1,152	3,109	701	3,810
11170	Administrative fee equity	N/A	N/A	N/A	N/A	\$ 171,824	\$ -0-	\$ 171,824
11180	Housing assistance payments equity	N/A	N/A	N/A	N/A	\$ 251,741	\$ -0-	\$ 251,741
11270	Excess cash	\$ 175,430	N/A	N/A	\$ 175,430	\$ -0-	\$ -0-	\$ -0-
11620	Building purchases	\$ 220,659	\$ 291,898	\$ -0-	\$ 512,557	\$ -0-	\$ -0-	\$ -0-
11630	Furniture & equipment-dwelling purchases	\$ 9,349	\$ -0-	\$ -0-	\$ 9,349	\$ -0-	\$ -0-	\$ -0-
11640	Furniture & equipment-administrative purchases	\$ 4,500	\$ 9,100	\$ -0-	\$ 13,600	\$ N/A	\$ -0-	\$ N/A

See Independent Auditors' Report on Supplementary Information

HOUSING AUTHORITY OF THE CITY OF ST. CHARLES PARISH
ROUTE, LOUISIANA

STATEMENT OF CAPITAL FUND PROGRAM--(INCOMPLETE)
From Inception through September 30, 2010

	<u>LA-48PO945501-07</u>	<u>LA-48PO94501-08</u>	<u>LA-48PO94501-09</u>	<u>LA-48PO94501-10</u>	<u>TOTAL</u>
Funds approved	\$ 179,531	\$ 178,642	\$ 176,344	\$ 174,895	\$ 709,412
Funds expended	(179,531)	(161,871)	(37,992)	-0-	(379,394)
Excess (deficiency) of funds approved	<u>\$ -0-</u>	<u>\$ 16,771</u>	<u>\$ 138,352</u>	<u>\$ 174,895</u>	<u>\$ 330,018</u>
Funds Advanced: Grant funding	<u>\$ 179,531</u>	<u>\$ 159,371</u>	<u>\$ 33,674</u>	<u>\$ -0-</u>	<u>\$ 372,576</u>
Total funds advanced	179,531	159,371	33,674	-0-	372,576
Funds expended	(179,531)	(161,871)	(37,992)	-0-	(379,394)
Excess (deficiency) of funds advanced	<u>\$ -0-</u>	<u>\$ (2,500)</u>	<u>\$ (4,318)</u>	<u>\$ -0-</u>	<u>\$ (6,818)</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA

STATEMENT OF CAPITAL FUND PROGRAM (COMPLETED)
From Inception through September 30, 2010

	<u>LA-48PO94501-03</u>	<u>LA-48PO94502-03</u>	<u>LA-48PO94501-04</u>	<u>LA-48PO94501-05</u>	<u>LA-48PO9455</u>	<u>TOTAL</u>
Funds approved	\$ 181,687	\$ 175,391	\$ 179,531	\$ 181,687	\$ 175,391	\$ 893,687
Funds expended	(181,687)	(175,391)	(179,531)	(181,687)	(175,391)	(893,687)
Excess (deficiency) of funds approved	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Funds Advanced: Grant funding	\$ 181,687	\$ 175,391	\$ 179,531	\$ 181,687	\$ 175,391	\$ 893,687
Total funds advanced	181,687	175,391	179,531	181,687	175,391	893,687
Funds expended	(181,687)	(175,391)	(179,531)	(181,687)	(175,391)	(893,687)
Excess (deficiency) of funds advanced	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

NOTE: The distribution of costs as shown on the line of credit control system and the total award per the approved Form HUD 53012 (Capital Fund Program) Amendment to the Consolidated Annual Contributions Contracts is in agreement with HASCP's records and all costs and liabilities associated with the project have been paid.

See Independent Auditor's Report on Supplementary Information.

SCHEDULE VI

**HOUSING AUTHORITY OF THE CITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
STATEMENT OF CAPITAL FUND STIMULUS GRANT--(INCOMPLETE)
FROM INCEPTION THROUGH SEPTEMBER 30, 2010**

	<u>LA-48PO94501-09</u>
Funds approved	\$ 220,659
Funds expended	<u>(220,659)</u>
Excess (deficiency) of funds approved	\$ <u>-0-</u>
 Funds Advanced:	
Grant funding	\$ 220,659
 Total funds advanced	<u>220,659</u>
 Funds expended	<u>(220,659)</u>
 Excess (deficiency) of funds advanced	\$ <u>-0-</u>

See Independent Auditors' Report on Supplementary Information.



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INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

We have audited the financial statements of **Housing Authority of St. Charles Parish (HASCP)** as of and for the year ended September 30, 2010 and have issued our report thereon dated July 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **HASCP's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of **HASCP's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **HASCP's** internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the subsequent paragraphs, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A significant deficiency is a deficiency or a combination of deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2010-04 and 2010-05 to be significant deficiencies in internal control over financial reporting.

A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by **HASCP** on a timely basis.

We consider the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Cost as items 2010-02 and 2010-03 to be material weaknesses. Also, we noted other matters involving the internal control over financial reporting that we have reported to management of **HASCP** in a separate letter dated July 22, 2011.

INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **HASCP's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2010-01.

HASCP's response to the findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response" and "Current Status". We did not audit **HASCP's** response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, **HASCP's** management, the United States Department of Housing and Urban Development and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

July 22, 2011



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

Compliance

We have audited the compliance of **Housing Authority of St. Charles Parish (HASCP)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each **HASCP's** major federal programs for the year ended September 30, 2010. **HASCP's** major federal programs are identified in the Summary of Auditor's Results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of **HASCP's** management. Our responsibility is to express an opinion on **HASCP's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Compliance, Continued

An audit includes examining, on a test basis, evidence about **HASCP's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **HASCP's** compliance with those requirements.

In our opinion, **HASCP** complied in all material respects with the requirements previously referred to that are applicable to its major federal programs for the year ended September 30, 2010. However, the results of our auditing procedures disclosed instances of non compliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2010-08 through 2010-20 and 2010-23 through 2010-27.

Internal Control Over Compliance

Management of **HASCP** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **HASCP's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **HASCP's** internal control over compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Internal Control Over Compliance, Continued

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in HASCP's internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the following paragraphs, we identified certain deficiencies in internal control over compliance that we consider to be a material weaknesses and other deficiencies that we consider to be significant deficiencies and material weaknesses.

A deficiency in HASCP's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of control deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2010-21 and 2010-22 to be significant deficiencies.

A material weakness is a deficiency, or combination of deficiencies in internal control over compliance such that there is a reasonable possibility, that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected by HASCP on a timely basis. We consider the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2010-06 and 2010-07 to be material weaknesses.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

HASCP's response to the findings in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response" and "Current Status". We did not audit HASCP's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, HASCP's management, the Legislative Auditor, State of Louisiana, and the United States Department of Housing and Urban Development and is not intended to, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

July 22, 2011

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency (ies) identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? Yes

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Choice Voucher Program
14.850a	Low Rent Public Housing Program
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section II - Financial Statement Findings and Questioned Costs

Reference Number

2010-01

Federal Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Louisiana Revised Statute 24:513 requires the submission of audited financial statements within six months of year end or within an approved extension request.

Condition

The audited financial statements for September 30, 2010 were not submitted within the six month timeline.

Questioned Costs

None.

Context

The federal award expended for the year ended September 30, 2010 was \$3,771,759.

Effect or Potential Effect

Non-compliance with the Audit Law for the State of Louisiana.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2010-01

Cause

The untimely submission of the audited financial statements pursuant to the requirements of State Law was impacted by the unavailability of HASCP's general ledger until April 2011.

It is our understanding that it is the fee accountant's practice to not finalize the current year end general ledger until REAC's approval of the prior year's audited financial statements. Because of the delays in submission of prior year's REAC submission, the current years general ledger was not available until April 2011. The audited REAC submission was approved on January 7, 2011.

Recommendation

Management needs to evaluate and resolve all issues that impact the timely audit and submission of its audited financial statements.

Management's Response and Planned Corrective Action

Management has evaluated its current internal control procedures and has implemented steps to assure compliance in this area. Management will also confer with auditor and fee accountant in order to resolve all issues that impact the timely audit and submission of audited financial statements.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section II - Financial Statement Findings and Questioned Costs , Continued

Reference Number

2010-02

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HASCP** is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of **HASCP**. Also, management is responsible for the preparation of financial statements and related footnote disclosure in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition

Considering the size of **HASCP**, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of **HASCP's** assets. The internal financial transactions processing of **HASCP** is performed primarily by an Administrative Assistant. The program component is performed through its TENMAST software system by designated employees.

Also, **HASCP** uses the services of a fee accountant to prepare its internal financial statements and other reports for submission to its funding source. **HASCP** and its fee accountant have joint responsibility to ensure the complete and accurate information consistent with the financial reporting objective and current needs of **HASCP**.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2010-02

Condition, Continued

Currently, management does not possess the level of technical capacity in-house to facilitate the timely and complete preparation or review of prepared financial statements and related footnotes in accordance with GAAP.

Furthermore, we noted an inadequate design of internal control over significant general ledger accounts and processes to include financial statement reporting.

Questioned Costs

None.

Context

Total federal award expended was \$3,771,759 for the year ended September 30, 2010.

Effect or Potential Effect

Control deficiencies in HASCP's internal control system that may possibly impact the completeness of prepared financial statements.

Cause

Size of personnel assigned to the accounting function and HASCP as a whole coupled with the levels of funding and management's review of internal and external prepared information. Further, the lack of an adequate design of general and application controls that impacts the provision of complete and accurate financial information.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section II - Financial Statement Findings and Questioned Cost, Continued

Reference Number, Continued

2010-02

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate the potential risk associated with the described condition. Management should ensure the timely review (both at the management and Board levels) of its complete financial statements prepared by its fee accountant.

Management's Response and Planned Corrective Action

Management has evaluated its current internal control procedures and has implemented steps to assure compliance in this area. Management and the Board of Commissioners review and analyze the general ledger accounts on a monthly basis and reconciliation on a semi-annual basis. We will continue this process. Management has a policy to account for bad debt on tenant receivables. Management makes ever effort to provide supporting documentation on disbursements. We will continue to assure compliance regarding this condition. Management will mandate that the fee accountant provide a monthly analysis and reconciliation of all significant control general ledger accounts to the agency's subsidiary ledgers generated from in-house software.

Management will also confer with auditor and fee accountant in order to resolve all issues that impact the timely audit and submission of audited financial statements. The Executive Director and Board of Commissioners chair and vice chair attended financial training related to the fee accountants financial statement. Management is in the process of additional training through Casterline & Associates Nuts and Bolts seminar.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2010-03

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HASCP** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and the Board.

Condition

Our review of the September 30, 2010 general ledger prepared by **HASCP's** fee accountant for all programs revealed the following significant conditions:

- The Low Rent Public Housing and Voucher Programs revealed misclassifications and/or miscoding of financial transactions. For instance, charges for software costs were coded to postage, payroll costs had credits posted to internet expenses, coupled with inconsistent coding of expenses such as equipment repairs, fire safety, locksmith, etc.
- The September 30, 2010 general ledger reflected inconsistent allocation of shared cost between the respective Low Rent and Voucher programs. Specifically, we noted a variance in the percentage used in the allocation of payroll cost and benefit.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2010-03

Condition, Continued

- Noted for the year ended September 30, 2010, an incorrect amortization of prepaid insurance resulting in an audit adjustment of approximately \$40,000 to correct an overstatement in property insurance expense.
- The tenant accounts receivable subsidiary ledger maintained by **HASCP** in its TENMAST software system and the tenant accounts receivable prepared by its fee accountant at November 30, 2009 and September 30, 2010 do not agree nor does either schedule agree with the amount recorded on the related general ledger.

It is our understanding through discussion with management that during the year, **HASCP** initiated a conversion of its tenant accounting system through its TENMAST software. The conversion resulted in several duplicate rent charges and inaccurate beginning balances.

- The November 2009 and September 30, 2010 security deposit reports prepared from the TENMAST software system used by **HASCP** do not agree to the schedule prepared by its fee accountant. However, we noted that the fee accountant's schedule agreed to the general ledger.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2010-03

Condition

- Incorrectly included in deferred credits for the Low Rent Housing Program at September 30, 2010 was \$50,375 which was a prior year audit adjustment to recognize a payable due to Homeland Security at September 30, 2009.
- The September 30, 2010 general ledger for the Voucher Program failed to accrue before the impact of an audit adjustment \$53,553.94 for August and September portability payments due to two (2) housing authorities. Further we noted that the "VMS" report prepared by HASCP for August and September 2010, included the necessary information for "portout" payments.
- Currently, there is no documented evidence of monthly analysis and reconciliation of significant general ledger control accounts to their respective subsidiary ledgers. TENMAST software system generated reports such as housing assistance payments, "VMS" monthly reporting, HUD grants and operating subsidy, etc.
- The Low Rent Public Housing Program's general ledger included capitalized repairs and maintenance cost, which, based on our review of the nature of the expenses, should have been expensed.
- Noted an instance where a vendor payment was duplicated for the Low Rent Public Housing and the Voucher Programs.
- The Low Rent Public Housing program's general ledger reflected in the current year a charge to fixed assets account titled indirect cost for \$8,352.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2010-03

Questioned Costs

None.

Context

Total federal award expended was \$3,771,759 for the year ended September 30, 2010.

Effect or Potential Effect

Incomplete monthly financial statements.

Cause

Lack of an established process to facilitate the adequate review of financial statements and general ledger prepared by HASCP's fee accountant.

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. Management should ensure the timely review (both at the management and Board levels) of the financial statements prepared by its fee accountant.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2010-03

Recommendation, Continued

Further, the monthly financial statement reporting process should include an analysis and reconciliation of all significant control general ledger accounts to HASCP's subsidiary ledgers generated from in-house software.

Management's Response and Planned Corrective Action

Management has evaluated its current internal control procedures and has implemented steps to assure compliance in this area. Management and the Board of Commissioners review and analyze the general ledger accounts on a monthly basis and reconciliation on a semi-annual basis. We will continue this process. Management has a policy to account for bad debt on tenant receivables. Management makes every effort to provide supporting documentation on disbursements. We will continue to assure compliance regarding this condition. Management will mandate that the fee accountant provide a monthly analysis and reconciliation of all significant control general ledger accounts to the agency's subsidiary ledgers generated from in-house software.

Management will also confer with auditor and fee accountant in order to resolve all issues that impact the timely audit and submission of audited financial statements. The Executive Director and Board of Commissioners chair and vice chair attended financial training related to the fee accountants financial statement. Management is in the process of additional training through Casterline & Associates Nuts and Bolts seminar.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2010-04

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

All write-offs require management's consideration and Board approval.

Condition

A review of the general ledger detail account for collection losses and tenant receivable for the Low Rent Program revealed charges for collection losses and a provision for doubtful accounts.

As a result of discussion with management and review of Board minutes for the audit period, we noted no documented evidence of management's approval or authorization by the Board of Commissioners for charge offs in tenant accounts receivable.

Questioned Costs

None.

Context

Total federal award expended for the Low Rent Program for the year ended September 30, 2010 was \$544,171.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2010-04

Cause

Incomplete review of financial statements prepared by fee accountant.

Recommendation

Management should communicate with its fee accountant the importance of management and Board's prior approval as it relates to collection loss transactions in tenant accounts.

Management's Response and Planned Corrective Action

Management has policy to account for bad debt on tenant receivables. Management makes every effort to provide supporting documentation on disbursements. We will continue to assure compliance regarding this condition and ensue proper management and Board approval is established and documented. However, after conferencing with fee accountant, no instances of write offs were found for this reporting period.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2010-05

Federal Award Program

Disaster Housing Assistance Program (see Schedule of Expenditures of Federal Awards).

Condition

The general ledger for the Disaster Housing Program at September 30, 2010 has balances in deferred revenues which were contrary to the normal account balances totaling \$248,000. Further, the general ledger has account balances that have not change over the last audits. During the year, HASCP recorded revenue of \$24,500 representing funds received for which we were unable to determine the basis for award. The independent confirmation received from HUD did not verify the basis for the funds. Further, a "HUD Disbursement Schedule" listing all disbursements for the audit period did not reflect the amounts. Further, we were unable to agree the subsidiary HAP register prepared by HASCP's consultant to reconcile HAP payments to the general ledger control account for the year ended September 30, 2010.

Questioned Costs

None.

Context

Total federal award for the Disaster Housing Assistance Program was \$632,799.

Effect or Potential Effect

Incomplete reporting of financial transactions.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2010-05

Cause

Incomplete and lack of periodic analysis of account balances.

Recommendation

We recommend that management review the referenced general ledger accounts for completeness.

Management's Response and Planned Corrective Action

Management has evaluated its current internal control procedures and has implemented steps to assure compliance in this area. Management will ensure review of the referenced general ledger accounts for completeness.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs

Reference Number

2010-06

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HASCP** is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of **HASCP**. Also, management is responsible for the preparation of financial statements and related footnote disclosure in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition

Considering the size of **HASCP**, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of **HASCP's** assets. The internal financial transactions processing of **HASCP** is performed primarily by an Administrative Assistant. The program component is performed through its TENMAST software system by designated employees.

Also, **HASCP** uses the services of a fee accountant to prepare its internal financial statements and other reports for submission to its funding source. We noted an ineffective coordination between **HASCP** and its fee accountant to ensure the complete and accurate information consistent with the financial reporting objective and current needs of **HASCP**.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-06

Condition, Continued

Currently, management does not possess the level of technical capacity in-house to facilitate the timely and complete preparation or review of prepared financial statements and related footnotes in accordance with GAAP.

Furthermore, we noted an inadequate design of internal control over significant general ledger accounts and processes to include financial statement reporting.

Questioned Costs

None.

Context

Total federal award expended was \$3,771,759 for the year ended September 30, 2010.

Effect or Potential Effect

Control deficiencies in **HASCP's** internal control system that may possibly impact the completeness of prepared financial statements.

Cause

Size of personnel assigned to the accounting function and **HASCP** as a whole coupled with the levels of funding and management's review of internal and external prepared information. Further, the lack of an adequate design of general and application controls that impacts the provision of complete and accurate financial information.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Cost, Continued

Reference Number, Continued

2010-06

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate the potential risk associated with the described condition. Management should ensure the timely review (both at the management and Board levels) of its complete financial statements prepared by its fee accountant.

Management's Response and Planned Corrective Action

Management has evaluated its current internal control procedures and has implemented steps to assure compliance in this area. Management and the Board of Commissioners review and analyze the general ledger accounts on a monthly basis and reconciliation on a semi-annual basis. We will continue this process. Management has a policy to account for bad debt on tenant receivables. Management makes every effort to provide supporting documentation on disbursements. We will continue to assure compliance regarding this condition. Management will mandate that the fee accountant provide a monthly analysis and reconciliation of all significant control general ledger accounts to the agency's subsidiary ledgers generated from in-house software.

Management will also confer with auditor and fee accountant in order to resolve all issues that impact the timely audit and submission of audited financial statements. The Executive Director and Board of Commissioners chair and vice chair attended financial training related to the fee accountants financial statement. Management is in the process of additional training through Casterline & Associates Nuts and Bolts seminar. Management will continue on-going training regarding this matter.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-07

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HASCP is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and the Board.

Condition

Our review of the September 30, 2010 general ledger prepared by HASCP's fee accountant for all programs revealed the following significant conditions:

- The Low Rent Public Housing and Voucher Programs revealed misclassifications and/or miscoding of financial transactions. For instance, charges for software costs were coded to postage, payroll costs had credits posted to internet expenses, coupled with inconsistent coding of expenses such as equipment repairs, fire safety, locksmith, etc.
- The September 30, 2010 general ledger reflected inconsistent allocation of shared cost between the respective Low Rent and Voucher programs.

Specifically, we noted a variance in the percentage used in the allocation of payroll cost and benefit.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-07

Condition, Continued

- Noted for the year ended September 30, 2010, an incorrect amortization of prepaid insurance resulting in an audit adjustment of approximately \$40,000 to correct an overstatement in insurance expense.
- The tenant accounts receivable subsidiary ledger maintained by **HASCP** in its TENMAST software system and the tenant accounts receivable prepared by its fee accountant at November 30, 2009 and September 30, 2010 do not agree nor does either schedule agree with the amount recorded on the related general ledger.

It is our understanding through discussion with management that during the year, **HASCP** initiated a conversion of its tenant accounting system through its TENMAST software. The conversion resulted in several duplicate rent charges and inaccurate beginning balances.

- The November 2009 and September 30, 2010 security deposit reports prepared from the TENMAST software system used by **HASCP** do not agree to the schedule prepared by its fee accountant. However, we noted that the fee accountant's schedule agreed to the general ledger.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-07

Condition

- Incorrectly included in deferred credits for the Low Rent Housing Program at September 30, 2010 was \$50,375 which was a prior year audit adjustment to recognize a payable due to Homeland Security at September 30, 2009.
- The September 30, 2010 general ledger for the Voucher Program failed to accrue before the impact of an audit adjustment \$53,553.94 for August and September portability payments due to two (2) housing authorities. Further, we noted that the "VMS" report prepared by HASCP for August and September 2010 included the necessary information for "portouts" payments.
- Currently, there is no documented evidence of monthly analysis and reconciliation of significant general ledger control accounts to their respective subsidiary ledgers. TENMAST software system generated reports such as housing assistance payments, "VMS" monthly reporting, HUD grants and operating subsidy, etc.
- The Low Rent Public Housing Program's general ledger included capitalized repairs and maintenance cost, which, based on our review of the nature of the expenses, should have been expensed.
- Noted an instance where a vendor payment was duplicated for the Low Rent Public Housing and the Vendor Programs.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-07

Questioned Costs

None.

Context

Total federal award expended was \$3,771,759 for the year ended September 30, 2010.

Effect or Potential Effect

Incomplete monthly financial statements.

Cause

Lack of an established process to facilitate the adequate review of financial statements and general ledger prepared by HASCP's fee accountant.

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. Management should ensure the timely review (both at the management and Board levels) of the financial statements prepared by its fee accountant.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-07

Recommendation, Continued

Further, the monthly financial statement reporting process should include an analysis and reconciliation of all significant control general ledger accounts to HASCP's subsidiary ledgers generated from in-house software.

Management's Response and Planned Corrective Action

Management has evaluated its current internal control procedures and has implemented steps to assure compliance in this area. Management and the Board of Commissioners review and analyze the general ledger accounts on a monthly basis and reconciliation on a semi-annual basis. We will continue this process. Management has a policy to account for bad debt on tenant receivables. Management makes every effort to provide supporting documentation on disbursements. We will continue to assure compliance regarding this condition. Management will mandate that the fee accountant provide a monthly analysis and reconciliation of all significant control general ledger accounts to the agency's subsidiary ledgers generated from in-house software.

Management will also confer with auditor and fee accountant in order to resolve all issues that impact the timely audit and submission of audited financial statements. The Executive Director and Board of Commissioners chair and vice chair attended financial training related to the fee accountants financial statement. Management is in the process of additional training through Casterline & Associates Nuts and Bolts seminar. Management will continue on-going training regarding this matter.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-08

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR part 908 and section 982.158 requires the submission of a completed Form HUD 50058 (Family Report).

Condition

In nine (9) instances of nine (9) files tested, we were unable to verify the timely submission of the Form HUD 50058.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended September 30, 2010 for the Housing Choice Voucher Program was \$2,061,502 (55%) of total federal award.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-08

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR 908 and 982.

Cause

Ineffective use of existing system to ensure completeness of all data inputted in HASCP's system and/or filed in tenant's respective folder.

Recommendation

Management should review its existing monitoring procedures to ensure its effectiveness in ensuring the complete processing and filing of all required data.

Management's Response and Planned Corrective Action

Management will ensure quality control procedures are followed. Management contracts out its PIC submission and has consistently earned a score of ninety-five percent or above.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-09

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to 24 CFR sections 5.230, 5.609 and 982.516, **HASCP** must obtain and document in each applicable family's file, independent third party verification of income.

Condition

In one (1) of nine (9) files reviewed, we noted the lack of documented evidence to support an independent third party verification of income or documentation to support any challenges encountered in securing an independent third party income verification.

Questioned Costs

None.

Context

Total federal award for the Housing Choice Voucher Program was \$2,061,502 or (55%) of the total federal award for the year ended September 30, 2010.

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR sections 5.230, 5.609 and 982.516.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-09

Cause

Inadequate follow up and completeness of tenant file documentation.

Recommendation

We recommend that management revisit with its certification and/or re-certification process to ensure completeness of all required information. The review should include the provision of training and supervision for all staff.

Management's Response and Planned Corrective Action

Management has reviewed its recertification process and procedures have been developed to ensure completeness of all required information. Staff will continue to be provided on-going training.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-10

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to 24 CFR section 982.404, **HASCP** must not make any housing assistance payments for a dwelling unit that fails to meet the Housing Quality Standards Inspection (HQS), unless the owner corrects the defect within the period specified by **HASCP** and **HASCP** verifies the correction.

Condition

In two (2) of nine (9) files reviewed, we noted the HQS reports contained in the tenant files failed to meet the required housing quality standards. Further, we noted no evidence maintained to support any remedy made to correct the defects within the thirty (30) day allotted period. **HASCP** continued to make payments to the owner.

Questioned Costs

None.

Context

Total federal award for the Housing Choice Voucher Program was \$2,061,502 or (55%) of the total federal award for the year ended September 30, 2010.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-10

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR section 982.404.

Cause

Inadequate follow up.

Recommendation

We recommend that management maintain documentation to support all dwelling units with failed HQS. Inspection and support documentation as to the remedy of life-threatening deficiencies within 24 hours of inspection and correction to all other deficiencies within 30 calendar days of the inspections.

Management's Response and Planned Corrective Action

Management will ensure quality control procedures are followed and established failed inspection log which will include all inspection documentation. On-going efforts are being made to keep all employees adequately trained.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-11

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR Section 982.507 requires **HASCP** to not approve a lease until it is determined that the initial rent to owner is reasonable.

Condition

In one (1) instance of nine (9) files tested, we noted where **HASCP** did not maintain evidence to ascertain that a rent reasonableness determination had been performed at the initiation of the HAP contract.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended September 30, 2010 for the Housing Choice Voucher Program was \$2,061,502 (55%) of total federal award.

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR 507.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-11

Cause

Existing system is ineffective to ensure completeness of all data inputted in HASCP's system and/or filed in tenant's respective folder.

Recommendation

Management should review its existing monitoring procedures to ensure its effectiveness in ensuring the complete processing and filing of all required data.

Management's Response and Planned Corrective Action

Management will ensure quality control procedures are followed and continual staff training will be provided.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-12

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR sections 982.158 and 982 subpart K require **HASCP** to pay a monthly HAP on behalf of the family that corresponds with the amount on Form HUD 50058. The HAP amount must be reflected on the HAP contract and HAP register.

Condition

In one (1) instance of nine (9) HAP payments tested, we noted where payment made to an owner did not agree to the executed HAP contract on file.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended September 30, 2010 for the Housing Choice Voucher Program was \$2,061,502 (55%) of total federal award.

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR 982.158 and 982 subpart K.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-12

Cause

Existing system is ineffective to ensure completeness of all data inputted in HASCP's system and/or filed in tenant's respective folder.

Recommendation

Management should ensure an alignment of its payments to owners participating in the Voucher Program to the respective contract amount.

Management's Response and Planned Corrective Action

Management is re-evaluating the current system and implemented procedures to assure compliance in this area.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-13

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR section 982.517 requires **HASCP** to maintain a utility allowance schedule for all tenant-paid utilities. That utility allowance schedule must be determined based on the typical cost of utilities and services paid by energy conservative households that occupy housing of similar size and type in the same locality. Further, **HASCP** must review its schedule of utility allowances each year, and must revise its allowance for a utility category if there has been a change of ten (10%) percent or more in the utility rate since the last time the utility allowance schedule was revised. **HASCP** must maintain information supporting its annual review of utility allowances and any revisions made in its utility allowance schedule.

Condition

HASCP was unable to provide evidence that the utility allowance schedule used to calculate rent had been reviewed since April 2004 or revised since April 2003.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended September 30, 2010 for the Housing Choice Voucher Program was \$2,061,502 (55%) of total federal award.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-13

Effect or Potential Effect

Potential for miscalculation in tenant rent amount.

Cause

Ineffective system in place to ensure the timely revision of utility allowance schedule used in the computation of utility allowance and completeness of all data inputted in HASCP's system and/or filed in tenant's respective folder.

Recommendation

Management should implement a process that ensures the timely review of its utility allowance.

Management's Response and Planned Corrective Action

Management has conducted the annual review of the utility allowance schedule. Management will ensure written documentation of annual review by management and the Board.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-14

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR part 908 and section 982.158 require the submission of a completed Form HUD 50058 (Family Report).

Condition

In five (5) instances of five (5) files tested, we were unable to verify the timely submission of the HUD Form 50058.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended September 30, 2010 for the Low Rent Public Housing Program was \$544,171 (14%) of total federal award.

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR 908 and 982.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-14

Cause

Existing system is ineffective to ensure completeness of all data inputted in HASCP's system and/or filed in tenant's respective folder.

Recommendation

Management should review its existing monitoring procedures to ensure its effectiveness in ensuring the complete processing and filing of all required data.

Management's Response and Planned Corrective Action

Management continues to contract out services to TENMAST for PIC submission. Management will coordinate with the agency's software company for documentation of compliance of timely submission.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-15

Federal Award Program

Public Housing Capital Fund Stimulus (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HASCP is responsible for ensuring the completeness and timely submission of the section 1512 AARA report.

Condition

HASCP failed to submit section 1512 AARA report for the fiscal year ended September 30, 2010.

Questioned Costs

None.

Context

Total federal award expended for the year ended September 30, 2010 was \$3,771,759.

Effect or Potential Effect

Completeness of HASCP's submitted reports.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-15

Cause

Lack of knowledge of federal requirement.

Recommendation

We recommend that management enhance its coordination and oversight processes to ensure completeness of all submitted reports.

Management's Response and Planned Corrective Action

Management will obtain additional training regarding this condition to ensure completeness of all submitted reports.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-16

Federal Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to the requirements of 2 CFR part 180 regarding debarment or suspension, covered transactions should not be procured from entities debarred or suspended.

Condition

HASCP's current overall procurement processes do not completely address the verification requirement for compliance with 2 CFR part 180.

Questioned Costs

None.

Context

Total federal award expended for the year ended September 30, 2010 was \$3,771,759.

Effect or Potential Effect

Non-compliance with the requirements of 2 CFR part 180.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-16

Cause

Lack of an established system to ensure compliance with debarment and suspensions.

Recommendation

We recommend that management establish a formal policy to ensure compliance with all applicable requirements of 2 CFR part 180.

Management's Response and Planned Corrective Action

Management has a policy and continues to remain in compliance regarding entities disbarred or suspended. Management will maintain certifications accordingly.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-17

Federal Award Program

Disaster Housing Assistance Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR section 982.158 and 982 subpart K requires **HASCP** to pay a monthly HAP on behalf of the family that corresponds with the amount on Form HUD 50058. The HAP amount must be reflected on the HAP contract and IIAP register.

Condition

In one (1) instance of six (6) HAP payments to owners tested, we noted that a payment did not agree to the executed HAP contract amount.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended September 30, 2010 for the Disaster Housing Assistance Program was \$632,799 (17%) of total federal award.

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR 982.158 and 982 subpart K.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-17

Cause

Existing system not effective to ensure completeness of all data inputted in **HASCP's** system and/or filed in tenant's respective folder.

Recommendation

Management should implement a process to ensure that all payments made are supported by executed contracts or addendum.

Management's Response and Planned Corrective Action

Management has implemented a quality control system to ensure that all payments made are supported by executed contracts or addendum.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-18

Federal Program

Public Housing Capital Fund Cluster (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to the requirements of 2 CFR, part 176 and subpart C section 1606 of ARRA, HASCP is required to comply with the requirements of the Davis Bacon Act.

Further, 24 CFR dictates compliance with the Act for Construction contract cost over \$2,000.

Condition

We noted the lack of a comprehensive system in place to ensure the effective and efficient monitoring of the Act for contracts executed with contractors. In one (1) instance we were unable to ascertain compliance with the prevailing wage rate for two (2) employees due primarily to the job description provided on the certified form.

We further noted in one additional payroll tested from another contractor, noncompliance with the prevailing wages paid to an employee.

Questioned Costs

None.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-18

Context

Total federal award expended for the year ended September 30, 2010 was \$3,771,759.

Effect or Potential Effect

Non-compliance with the requirements of the Davis Bacon Act.

Cause

Misinterpretation of the requirements of the Act.

Recommendation

Management should evaluate its current practice to ensure compliance with the requirements of the Davis Bacon Act.

Management's Response and Planned Corrective Action

Management will review and undertaken the necessary revisions to its current processes where applicable to facilitate compliance.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-19

Federal Program

Public Housing Capital Fund Program (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to the requirements of 24 CFR, 58.22 HASCP may not obligate or commit program funds prior to the approved Request for Release of Funds (RROF) from HUD.

Condition

In one (1) instance of ten (10), funds were obligated and paid on May 5, 2010 for services rendered by a contractor prior to the approved RROF dated June 6, 2010.

Questioned Costs

\$8,817.00.

Context

Total federal award expended for the year ended September 30, 2010 was \$3,771,759.

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR 58.22.

Cause

Misinterpretation of the requirements of the Act.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-19

Recommendation

Management should evaluate its current practice to ensure compliance with the requirements of 24 CFR 58.22.

Management's Response and Planned Corrective Action

Management will update its current practice to ensure compliance with requirements.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-20

Federal Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

The requirements of 2 CFR section 215.45 states that some form of cost or price analysis shall be performed and documented in the procurement files in connection with every procurement action.

Condition

Our testing of selected procurement transactions revealed where, **HASCP** failed to maintain supporting documentation to evidence cost and price analysis in four (4) of sixteen (16) transactions tested.

Also, were noted a similar condition for twelve (12) emergency services reviewed.

Questioned Costs

None.

Context

Total federal award expended for the year ended September 30, 2010 was \$3,771,759.

Effect or Potential Effect

Non-compliance with the requirements of 2 CFR 215.45.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-20

Cause

Ineffective procedures in place to ensure completeness of all related procurement documentation and related file management of **HASCP** to support the basis and type of procurement used.

Recommendation

Management should review its existing monitoring procedures to ensure its effectiveness in ensuring the performance of cost and price analysis and filing of all required supporting documentation to support action.

Management's Response and Planned Corrective Action

Management has a policy in place to monitor completeness of all procurement documentation. Management does not agree with this finding in reference to emergency services due to the nature of emergencies which are life, health, and safety issues which must be abated with twenty-four hours.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-21

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

All write-offs require management's consideration and Board approval.

Condition

A review of the general ledger detail account for collection losses and tenant receivable for the Low Rent Program revealed charges for collection losses and a provision for doubtful accounts.

As a result of discussion with management and review of Board minutes for the audit period, we noted no documented evidence of management's approval or authorization by the Board of Commissioners for charge offs in tenant accounts receivable.

Questioned Costs

None.

Context

Total federal award expended for the Low Rent Program for the year ended September 30, 2010 was \$544,171 or (14%) of total federal award.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-21

Effect or Potential Effect

Noncompliance with both HUD regulation and Board policy.

Cause

Incomplete review of financial statements prepared by fee accountant.

Recommendation

Management should communicate with its fee accountant the importance of management and Board's prior approval as it relates to collection loss transactions in tenant accounts.

Management's Response and Planned Corrective Action

Management has a policy for bad debt on tenant receivables. Management makes every effort to provide supporting documentation on disbursements. We will continue to assure compliance regarding this condition and ensure that proper management and Board approval is established and documented. However, after conferencing with fee accountant, no instances of write offs were found for this reporting period.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-22

Federal Award Program

Disaster Housing Assistance Program (see Schedule of Expenditures of Federal Awards).

Condition

The general ledger for the Disaster Housing Program at September 30, 2010 has balances in deferred revenues which were contrary to the normal account balances totaling \$248,000. Further, the general ledger has account balances that have not changed since the last audits. During the year, HASCP recorded revenue of \$24,500 representing funds received for which we were unable to determine the basis for award. The independent confirmation received from HUD did not verify the basis for the funds. Further, a "HUD Disbursement Schedule" listing all disbursements for the audit period did not reflect the amounts. Further, we were unable to agree the subsidiary HAP register prepared by HASCP's consultant to reconcile HAP payments to the general ledger control account for the year ended September 30, 2010.

Questioned Costs

None.

Context

Total federal award for the Disaster Housing Assistance Program was \$632,799 or (17%) of the total federal award.

Effect or Potential Effect

Incomplete reporting of financial transactions.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-22

Cause

Incomplete and lack of periodic analysis of account balances.

Recommendation

We recommend that management review the referenced general ledger accounts for completeness.

Management's Response and Corrective Action Plan

Management has evaluated its current internal control procedures and has implemented steps to assure compliance in this area. Management and the Board of Commissioners review and analyze the general ledger accounts on a monthly basis and reconciliation on a semi-annual basis. We will continue this process.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-23

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to 24 CFR section 985.101, **HASCP** is required to submit a Section of Management Assessment Program (SEMAP) certification within sixty days of year end.

Condition

For the SEMAP certification submitted for the year ended September 30, 2010, we were unable to review written documentation to evidence compliance with the required number of samples needed. Further, we noted no evidence to support compliance with the outreach and assistance provided to tenants with challenges. It is our understanding through discussion with management that **HASCP** failed to document compliance samples as the basis of certification.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended September 30, 2010 for the Housing Choice Voucher Program was \$2,061,502 (55%) of total federal award.

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR 985.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-23

Cause

Inadequate documentation of sample tested.

Recommendation

Management should ensure that all samples used for its certification are documented to facilitate independent review.

Management's Response and Planned Corrective Action

Management has accurate system in place. In addition, management will document all outreach efforts to neighboring entities. Management continues to post and display material in the agency's lobby and other business in the area.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-24

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to 24 CFR sections 982.202 through 982.207, HASCP must select tenants from its waiting list for placement in its program.

Condition

HASCP's waiting list is on real time. Because staff failed to maintain a hard copy of the list, we were unable to test compliance of the order of selection from the waiting list in accordance with HASCP's policy.

Questioned Costs

None.

Context

Total federal award for the Housing Choice Voucher Program was \$2,061,502 (55%) of the total federal award for the year ended September 30, 2010.

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR sections 982-202 through 982.207.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-24

Cause

Level of training of staff performing assigned task.

Recommendation

We recommend that management revisit with the need to retain the necessary documents to support the order of placement into the program.

Management's Response and Planned Corrective Action

Management has a policy in place ensuring a hard copy of the waiting list is maintained and printed quarterly. Also, waiting list will be purged annually.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-25

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to 24 CFR part 5, **HASCP** must determine income eligibility and calculate the tenant's rent payment using the documentation from third-party verification.

Condition

In two (2) of five (5) files reviewed, the amounts used to determine income eligibility of the family were not calculated properly based on third-party verification amounts.

In four (4) of five (5) files reviewed the tenants rent did not agree to the calculated amount per the Form HUD 50058.

Questioned Costs

None.

Context

Total federal award for the Low Rent Public Housing Program was \$544,171 or (14%) of the total federal award for the year ended September 30, 2010.

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR part 5.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-25

Cause

Inadequate review of assigned tasks.

Recommendation

We recommend that management revisit with its certification and/or re-certification process to ensure completeness of all required information.

Management's Response and Planned Corrective Action

Management has a policy in place ensuring a hard copy of the waiting list maintained and printer quarterly. Also, waiting list will be purged annually.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-26

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR section 960.205 provides guidance in the determination of tenant's eligibility to participate in the housing program.

Condition

In all five (5) tenant files reviewed, we noted no written evidence on file to support verification of all prior lease violations.

It is our understanding through discussion with management, that the verification of lease violation is not documented in the tenant's file when in compliance.

Questioned Cost

None.

Context

Total expenditures of federal award for the year ended September 30, 2010 for the Low rent and Public Housing Program was \$544,171 or (14%) of total federal award.

Effect or Potential Effect

Non-compliance with the requirement of 24 CFR 960.205.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-26

Cause

Lack of an effective monitoring process in place to ensure compliance with all eligibility requirements as dictated by Board policy and HUD regulation.

Recommendation

Management should ensure that all files contain the required information necessary to support the complete determination of each tenant's eligibility to participate in the housing program.

Management's Response and Planned Corrective Action

Management will increase the number of quality control reviews conducted throughout the year.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2010-27

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards.)

Criteria

24 CFR section 990. requires **HASCP** to maintain a utility allowance schedule for all tenant-paid utilities. That utility allowance schedule must be determined based on the typical cost of utilities and services paid by energy conservative households that occupy housing of similar size and type in the same locality. Further, **HASCP** must review its schedule of utility allowances each year, and must revise its allowance for a utility category if there has been a change of ten (10%) percent or more in the utility rate since the last time the utility allowance schedule was revised. **HASCP** must maintain information supporting its annual review of utility allowances and any revisions made in its utility allowance schedule.

Condition

HASCP was unable to provide evidence that the utility allowance schedule used to calculate rent had been reviewed since April 2004 or revised since April 2003.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended September 30, 2010 for the Low Rent Public Housing Program was \$544,171 (14%) of total federal award.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2010-27

Effect or Potential Effect

Non-compliance with requirements of 24 CFR section 990.280(b)(4).

Cause

Ineffective system in place to ensure the timely revision of utility allowance schedule used in the computation of utility allowance and completeness of all data inputted in HASCP's system and/or filed in tenant's respective folder.

Recommendation

Management should implement a process that ensures the timely review of its utility allowance.

Management's Response and Planned Corrective Action

Management has conducted the annual review of the utility allowance schedule. Management will ensure written documentation of annual review by management and the Board. .

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Numbers

2009-01, 2009-03, 2009-08, 2008-07, 2008-01 and 2007-04

Condition

Considering the size of **HASCP**, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of **HASCP's** assets. The internal financial transactions processing of **HASCP** is performed primarily by an Administrative Assistant.

Also, **HASCP** uses the services of a fee accountant to prepare its internal financial statements and other reports for submission to its funding source. Currently, management does not possess the level of technical capacity in-house to facilitate the timely and complete preparation or review of prepared financial statements and related footnotes in accordance with GAAP.

Furthermore, we noted an inadequate design of internal control over significant general ledger accounts and processes.

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. Management should ensure the timely review (both at the management and Board levels) of its complete financial statements prepared by its fee accountant.

Current Status

Unresolved. See current year's finding reference numbers 2010-02 and 2010-06.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section IV - Status of Prior Year's Findings and Questioned Cost, Continued

Reference Number

2009-02

Condition

The audited financial statements for September 30, 2009 was not submitted within the six month timeline.

Recommendation

None.

Current Status

Unresolved. See current year's finding reference number 2010-01.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section IV - Status of Prior Year's Findings and Questioned Cost, Continued

Reference Numbers

2009-04, 2008-03 and 2008-04

Condition

In two (2) instances of sixteen (16) files tested, we noted where the tenant's social security number and date of birth as recorded on the HUD Form 50058 did not agree to the birth certificate and social security card on file.

In another instance, we were unable to verify the timely submission of the HUD Form 50058.

Also, in another instance, the completed HUD Form 50058 was not submitted on a timely basis.

Recommendation

Management should review its existing monitoring procedures to ensure its effectiveness in ensuring the complete processing and filing of all required data.

Current Status

Unresolved. See current year's finding reference numbers 2010-08 and 2010-14.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section IV - Status of Prior Year's Findings and Questioned Cost, Continued

Reference Number

2009-05

Condition

In two (2) of sixteen (16) files reviewed, we noted the lack of documented evidence to support an independent third party verification of income or documentation to support any challenges encountered in securing an independent third party income verification.

Recommendation

We recommend that management revisit with its certification and/or re-certification process to ensure completeness of all required information. The review should include the provision of training and supervision for all staff.

Current Status

Unresolved. See current year's finding reference number 2010-09.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section IV - Status of Prior Year's Findings and Questioned Cost, Continued

Reference Numbers

2009-06, 2008-08, 2007-02 and 2006-01

Condition

Our review of selected cash disbursements for the year ended September 30, 2009, revealed instances where services were not procured in accordance with HASCP's procurement policy and Federal regulation.

Recommendation

We recommend that management comply with the procurement requirements of its policy as directed by the Board and HUD regulation.

Current Status

Partially resolved.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section IV - Status of Prior Year's Findings and Questioned Cost, Continued

Reference Numbers

2009-07, 2008-09 and 2007-03

Condition

For fifteen (15) contracts reviewed totaling approximately \$40,000, we noted the lack of documentation to support compliance with the requirements of the Davis Bacon Act.

Specifically, the executed contracts did not make reference to compliance with the Act either in the contract agreement executed and/or vendor files maintained. Furthermore, we noted no instance where payroll and fringe benefit records were reviewed for compliance as applicable.

Based on discussion with management, it is our understanding that some of the contractors used are sole proprietors.

Recommendation

Management should revise its contracting process to include the incorporation of language in all construction contracts executed within the threshold of the Act.

Current Status

Unresolved. See current year's finding reference number 2010-18.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section IV - Status of Prior Year's Findings and Questioned Cost, Continued

Reference Numbers

2008-06 and 2008-02

Condition

Our review of five (5) files for families participating in the DHAP program, and an invoice submitted in payment for services rendered by **HASCP's** contractor managing the DHAP program for the month of April 2008, revealed the following conditions:

- Noted an instance where the housing quality standards inspection document provided for a participant was incomplete;
- In all instances, we were unable to verify the accuracy of the payments made to landlords based on a schedule of payments provided to us by the contractor and **HASCP**;
- On a monthly basis, an estimated invoice is submitted for disbursement by the contractor. However, we noted no periodic reconciliation between the estimated payments disbursed to actual payments due from **HASCP** for the selected month of April, 2008 or other months during the fiscal year;
- For the month of April 2008 (month judgementally selected for review), the amount paid for new families admitted into the program, did not agree to the register provided by the contractor to support the payments; and
- Because of the manner in which **HASCP's** general ledger is established, all Voucher Program activities to include the DHAP activities are included in a single general ledger and therefore not completely segregated.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section IV - Status of Prior Year's Findings and Questioned Cost, Continued

Reference Numbers, Continued

2008-06 and 2008-02

Recommendation

Management should evaluate the conditions previously described and establish adequate procedures to ensure compliance with the programmatic and financial requirements of the DHAP program. Furthermore, the system in place should ensure the completeness of information provided to support all disbursements made to contractors.

Current Status

Unresolved. See current year's finding reference numbers 2010-03 and 2010-07.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section IV - Status of Prior Year's Findings and Questioned Cost, Continued

***Reference Number**

2008-05

Condition

In six (6) of six (6) files tested, we noted no documentation on file to support the order of selection of the tenants from the waiting list. HASCP's software system is on real time.

Recommendation

Staff should be provided with additional training to ensure the adequacy in documentation to support the basis of tenant placement.

Current Status

Unresolved. See current year's finding reference numbers, 2010-24 and 2010-25.

*Repeated

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**

EXIT CONFERENCE
September 30, 2010

The financial statements and related reports were discussed at various meetings and an exit conference held with management of **Housing Authority of St. Charles Parish** noting their agreement in all material respects.

Those that participated in the discussions are as follows:

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**

Mr. Tyrell Cornwell	--	Chairman of the Board of Commissioners
Mrs. Leala Jackson	--	Executive Director

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA	--	Partner
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**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**

Ms. Leala G. Jackson, Executive Director
Housing Authority of St. Charles Parish
Boutte, Louisiana

In planning and performing our audit of the financial statements of **Housing Authority of St. Charles Parish (HASCP)**, as of and for the year ended September 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered **HASCP's** internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **HASCP's** internal control. Accordingly, we do not express an opinion on the effectiveness of **HASCP's** internal control.

As a part of our audit, we noted certain other matters that are opportunities for strengthening internal control and improving operating efficiency. Also, we discussed with management, the status of prior year's other matters. We previously reported on **HASCP's** internal control in our report dated July 22, 2011. This letter does not affect our report dated July 22, 2011 on **HASCP's** internal control or its financial statements.

We will review the status of these other matters during our next audit engagement. We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2010

The following is a listing of our report on other matters related to internal control:

Condition

The general ledger for the Low Rent Housing Program at September 30, 2010, had a balance in an account titled deposit over (under).

It is our understanding that the account is used by the fee accountant to record unreconciled differences in rental and security deposits collected.

Recommendation

We recommend that all differences noted in the recordation of rental and security deposits should be reconciled and the appropriate adjustment recorded.

Management's Response and Planned Corrective Action

Management has evaluated its current internal control procedures and will confer with the fee accountant in establishing a new process of reconciling the rental and security deposit accounts. Management will ensure review of the referenced general ledger accounts for completeness.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2010, CONTINUED

Condition

HASCP has no investment policy to govern its investment transactions.

Recommendation

Management should develop and seek Board approval for an investment policy.

Management's Response and Planned Corrective Action

Management is in the process of reviewing the current investment policy and will update said policy upon Board approval.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2010, CONTINUED

Condition

HASCP does not have a procedure in place to ensure the periodic performance of inventory count to include the tagging of all assets acquired.

Recommendation

Management should establish a procedure to facilitate the periodic inventory of its assets and to include the tagging of all assets acquired.

Management's Response and Planned Corrective Action

Management will review its current inventory procedure and increase the inventory of assets acquired to semi-annually.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2010, CONTINUED

Condition

Our review of five (5) employee payroll transactions revealed the following conditions:

- Pay rates used in the calculation of compensated absences do not agree with the approved State Civil Service Personnel Action Form in the respective employee files.
- One (1) of two (2) timesheets were approved for each of the employees tested.
- Two (2) of five (5) employees pay rates did not agree with the authorized pay rate on file.
- One (1) employee was paid while not eligible for holiday time.
- Two (2) of five (5) employees were not earning leave time in accordance with State Civil Service Human Resource Handbook.

Recommendation

Management should review its payroll processes to ensure its accuracy, compliance with State Civil Service rules and completeness of data used in the computation of payroll.

Management's Response and Planned Corrective Action

Management is reviewing its internal control procedures regarding payroll processing and will seek additional information/training in this area to ensure compliance with State Civil Service rules and completeness of data used in the computation of payroll.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2010, CONTINUED

Condition

Our review of inactive tenant accounts receivable ledger for the month of November 2009, revealed two (2) instances where the TENMAST software was charging rent on inactive tenants.

Recommendation

Management should review its tenant accounts receivable subsidiary ledger on a monthly basis for completeness.

Management's Response and Planned Corrective Action

Management will ensure a monthly review of tenant accounts receivable for accuracy and completeness.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2010, CONTINUED

Condition

Management does not retain as a basis for payment, original receipts for charges using its Home Depot credit card. Further, the statements from the vendor used as support for payments do not provide evidence to support the basis for charges.

Further, in three (3) of thirteen (13) transactions reviewed, we noted the absence of supporting invoices to support disbursements.

Recommendation

All credit card purchases should detail as a part of the supporting documentation, the basis for the charge. Such a documentation should include building unit, building location, equipment, and etc. and should be reconciled to the charges reflected on the statements prior to payment. Also all, disbursements should be supported by original invoices.

Management's Response and Planned Corrective Action

Management will maintain originals and copied documentation for purchases made using the Home Depot credit card. Management will also maintain disbursement documentation to include the building unit, location, equipment, etc. to reflect charges made.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2010, CONTINUED

Condition

The November 30, 2009 bank reconciliation for the Voucher Program included \$2,040 in stale dated checks.

Recommendation

Management should as a part of its monthly review of reconciled bank accounts prepared by its fee accountant ensure compliance with its void check policy.

Management's Response and Planned Corrective Action

Management will review monthly bank reconciliation statement as provided by fee accountant, to ensure compliance with its void check policy.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2009 and Prior

The following is a status of our prior years report on other matters related to internal control:

***Condition**

Management was unable to provide for our review, detail documentation to support certification of its Section 8 Management Assessment Program (SEMAP).

Recommendation

All documents and files reviewed by management in conjunction with its SEMAP certification should be filed to provide an independent audit trail in support of management's assertions.

Current Status

Unresolved.

Management has an accurate system in place. In addition, management will document all outreach efforts to neighboring entities. Management continues to post and display materials in the agency's lobby and other business throughout the area.

*Repeated

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2009 and Prior, Continued

***Condition**

HASCP's current procedure on the documentation of lease violations is by exception reporting only.

Recommendation

Management should document all work performed in connection with its verification of tenant lease violations and retain a copy or document the results in each tenant's file. The new "EIV" released by HUD should assist in this effort.

Current Status

Unresolved.

Management has a policy in place ensuring documentation of lease violations to be maintained in each tenant's file. Management will increase quality control reviews and continue to provide on-going staff training to ensure compliance.

*Repeated

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2009 and Prior, Continued

***Condition**

We noted in one (1) instance of five (5) Low Rent Program tenant files tested, an instance where no documented evidence was retained by HASCP to support the timely correction of errors resulting from an incorrect HUD Forms 50058 submitted.

Recommendation

Management should document all changes to documents obtained and/or prepared in connection with its tenant certification and/or re-certification process.

Current Status

Unresolved.

Management will ensure quality control procedures are followed. Management contracts out is PIC submission and will coordinate with the agency's software company for documentation of compliance.

*Repeated

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2009 and Prior, Continued

***Condition**

Our review of HASCP's internal control over financial reporting revealed the following conditions:

- No periodic reconciliation and/or analysis was performed for significant general ledger accounts as of and for the year ended September 30, 2009.
- Noted no established policy and/or procedure to account for allowance for bad debt on tenants receivables.
- In three (3) instances, we noted the absence of invoices to support disbursements. In an instance of the three (3) previously referenced, payment was made using a quotation form provided by the vendor.
- In two (2) instances of seventeen (17) disbursements tested, we noted an instance where the check number on the cancelled check did not agree to the check number reflected on HASCP's general ledger. For the other exception, the payee was different from the supporting document (invoice) used for payment.
- Noted several instances where selected journal entries prepared by HASCP's fee accountant lacked adequate supporting documentation to facilitate an adequate review for completeness. Also noted the absence of management's review and/or approval.

*Repeated

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2009 and Prior , Continued

Recommendation

We recommend that management evaluate the referenced conditions with an aim towards resolution. Any revisions to existing procedures should include the timely and periodic review of all reports and/or documents prepared by consultants and/or staff for compliance with HASCP's policies.

Current Status

Unresolved.

Management has evaluated its current internal control procedures and has implemented steps to assure compliance in this area. Management and the Board continue to review and analyze the general ledger accounts on a monthly basis and reconciliation on a semi-annual basis. We will continue in this process to ensure compliance with agency policies.

***Condition**

Currently, HASCP's leased-up schedules for its Public Housing stock and Voucher Programs are below the required level of ninety-five percent (95%). However, we noted that HASCP is over ninety-five percent utilized in its housing assistance payment amounts made to landlords for the Voucher Program.

Recommendation

HASCP should continue in its outreach efforts to reverse the declining leased-up trend of its housing stock and voucher program.

Current Status

Unresolved.

Management will continue its outreach efforts to reverse the declining lease-up trend of is housing stock and voucher program.

*Repeated

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2009 and Prior, Continued

Condition

Our review of HASCP's internal control over financial reporting revealed the following conditions:

- No periodic reconciliation was performed on investment account balance and accrued interest receivable. Balance at September 30, 2008 was \$14,637 after a reclassification entry of approximately \$78,000.
- Stated dated checks totaling \$17,332 outstanding over a period of ninety days for the Voucher and Low Rent Programs, respectively (\$10,307 for the Voucher and \$7,025 for the Low Rent Programs).
- Untimely review of reports and/or documents prepared by consultants for completeness.
- Noted instances where selected journal entries prepared by HASCP's fee accountant lacked adequate supporting documentation to facilitate an adequate review for completeness. Also noted the absence of management's review and/or approval.
- Two (2) of twenty-one (21) transactions tested were for payments different from the invoiced amounts. We noted that all payments were for a lesser amount. In addition, we noted that one(1) of the twenty-one (21) transactions lacked an invoice to support the payment made.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2009 and Prior, Continued

Condition, Continued

- Five (5) of twenty-one (21) transactions tested lacked documentation to support the nature and type of procurement.
- The September 30, 2006, general ledger for the Low Rent Program reflected petty cash on hand of \$325. However, based on discussion with management, HASCP had no petty cash on hand.

Recommendation

We recommend that management evaluate its current internal control procedures and processes. The evaluation should be specifically aimed towards strengthening of internal control in the areas of financial reporting, procurement, cash disbursement and oversight over all reports prepared by its fee accountant for internal purposes.

Current Status

Partially resolved.

Management has evaluated its current internal control procedures and has implemented steps to assure compliance in this area. Management and the Board continue to review and analyze the general ledger accounts on a monthly basis and reconciliation on a semi-annual basis. We will continue in this process to ensure compliance with agency policies.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2009 and Prior, Continued

***Condition**

The U.S. Department of Housing and Urban Development (HUD) requires housing authorities to include as supplementary information with the basic financial statements, as well as submit in electronic format, Financial Data Schedules (FDS).

In 2008, HUD experienced challenges in its revision of its FDS to conform to new HUD reporting requirements.

Because of the referenced challenges, and its impact on the timely submission of its audited report package, HASCP requested and received an extension of time to submit its audited report pursuant to Louisiana Revised Statute 24:513.

Recommendation

None.

Current Status

Unresolved.

Management has implemented steps to assure compliance in this area. Management is working diligently to resolve all issues that impact timely submission.

*Repeated

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2009 and Prior, Continued

***Condition**

Currently, **HASCP** does not have a formal written policy to address its custodial risk that results from deposits of funds held by others on its behalf in excess of the \$100,000 Federal Deposit Insurance Corporation limit.

It is our understanding that **HASCP** has executed collateral agreements with its bankers.

Recommendation

We recommend the establishment of a deposit policy to address all deposits of funds with others in excess of the Federal Deposit Insurance Corporation limit.

Current Status

Unresolved.

Management has established formal written policies to address all custodial risks resulting from deposits of funds held by others in excess of FDIC limit.

*Repeated

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2009 and Prior, Continued

***Condition**

Currently, HASCP does not have a written policy to facilitate the allocation of shared cost between programs.

Recommendation

HASCP should develop a written policy to address the allocation of the shared cost between programs.

Current Status

Unresolved.

Management has established a written policy to address the allocation of shared costs between programs and will continue to follow the procedures set forth to ensure compliance.

*Repeated

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

HASCP's response to other matters identified in our audit is described in the accompanying report under the caption "Management Response or "Current Status". We did not audit **HASCP's** response and, accordingly, we express no opinion on it.

We wish to thank you and your staff for the support afforded us during our audit.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor for the State of Louisiana and the United States Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

July 22, 2011